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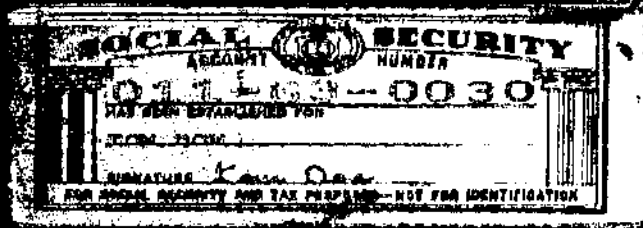
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# BUSINESS MONDAY

HIGH TECH ♦ MANAGEMENT ♦ CHARTWATCH

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# Social INSECURITY

Plan to  
make it  
easier to  
track down  
'deadbeat  
dads'  
worries  
privacy  
advocates

BY SIMSON GARFINKEL  
Special to the Mercury News

**E**LEVEN years late, the 1984 as envisioned by George Orwell finally may arrive. Welfare reform legislation moving through Congress could dramatically increase the use of Social Security numbers by state governments as a way to track people from cradle to grave. The proposal, which would create or expand a series of national data banks, is designed to track people who don't want to be found.

With support among both Democrats and Republicans, the proposal is striking fear among the guardians of privacy, who believe the legislation would increase the government's surveillance of the American public.

"What we are facing is the single greatest step toward big brother government since Watergate," said Donald L. Haines, a legislative counsel with the American Civil Liberties Union in Washington.

Nevertheless, the proposal has received relatively little attention because the expanded use of Social Security numbers is one of the few areas of agreement between the Republican-controlled Congress and the Clinton administration.

Welfare reform was one of President Clinton's campaign promises, and it also was one of the 10 tenets of the Republican Party's "Contract with America."

Called the "Personal Responsibility Act," the U.S. House of Representatives passed its version of the bill March 24. The Senate version, retitled the "Family Self-Sufficiency Act of 1995," passed a committee vote June 9. Although the committee, chaired by Sen. Bob Packwood, R-Ore., made substantial changes to

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BY MARK SCHWANHAUSER  
Mercury News Staff Writer

**I**T IS such a clever crime. There is no breaking and entering, no mugging, no gun play, no car chase, no violence. Indeed, the victim can be hard-pressed to prove anything was stolen at all, because the crook rips off what many of us freely give away without hesitation: our Social Security number.

With that data and some ingenuity, brazen crooks steal not just money but also financial

## Armed with your Social Security number, a crook can hijack your financial identity

identities. The scam is becoming so common it costs the credit industry tens of millions of dollars and now warrants its own nicknames: identity theft or true-name fraud.

The longer the crook runs undetected, the harder it is for victims to clear the record and restore their reputation because, critics say, the credit industry is huge, fractured, overwhelmed and, perhaps worst of all, insensitive. In the meantime, a tarnished credit record can ham-

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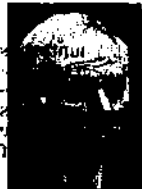
FOR SOCIAL SECURITY AND TAX PURPOSES - NOT FOR IDENTIFICATION

# Proposal prompts privacy concerns

**PRIVACY**  
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The House bill, the sections dealing with the expanded use of Social Security numbers remained essentially intact. The heart of the legislation is the desire to do something about so-called "deadbeat dads" — and those who refuse to pay court-ordered child support payments. Both Congress and the Clinton administration believe that a large amount of the money spent on the government's Aid to Families with Dependent Children program could be saved if these single parents obtained child support orders, and if those orders were better enforced.

People normally say that there is a \$34 billion gap between the \$14 billion that is annually paid in child support and the \$48 billion that theoretically could be collected, says Jane Checkan of the Health and Human Service's Administration on Children and Families in Washington. Checkan's figures are for the year 1993, the last year available.



In an attempt to close this gap, the welfare reform legislation increases surveillance of all American citizens. By tracking Americans when they change their driver's or professional licenses, the legislation's backers hope to give deadbeat dads nowhere to hide.

The legislation also calls for mandatory reporting of Social Security numbers by people getting marriage licenses or divorced, and in paternity proceedings. These reports are designed to make it easier for single parents to obtain support orders, and to make it easier for state welfare agencies to figure out the identity of a spouse when a single parent applies for benefits.

Ten million women are potentially eligible to child support for their kids," Checkan said. But many people do not take advantage of their legal rights. "Forty-two percent do not have an award in place."

# Legislation would require directory of new employees

By SIMSON GARFINKEL  
Special to the Mercury News

Both the House and the Senate versions of the welfare reform legislation require that each state establish a directory of new hires. Employers in each state would then file a form for each newly hired employee that would list the employee's name, address, Social Security number, and the Internal Revenue Service code number for the employee's job. All new hires would have their numbers scanned against a national database of child-support orders to see if a portion of the employee's salary should be automatically withheld and sent to the spouse.

California's Employment Development Department has been compiling a directory of new hires since April 1993, but so far only employers with at least five workers in a small number of professions must comply. Targeted professions include construction, landscaping, auto dealers and repair shops, restaurants, hotels, health services, business services and engineering, accounting and research services.

Failing to report people hired or rehired within 30 days could result in a \$250 fine per person per month. The EDD initially was lenient, but it has begun to get more strict, says Bob Spidell, publisher of Spidell's California Taxletter. The legislation further re-

quires that all federal and state agencies engaged in child-support enforcement have full access to all state information systems related to motor vehicles and law enforcement.

The legislation would create a Federal Case Registry of Child Support Orders that would include the name, Social Security number, date of birth, case identification numbers, and other "uniform identification numbers" of both parents for every child-support order in the nation.

The registry also would include detailed financial information regarding each order, including the amount of support payments, the amount owed and collected, distribution of collected amounts, and liens that have been imposed. The legislation specifically requires that states use "standardized data elements" so computers in different states can easily exchange information.

Mercury News Staff Writer Mark Schwanhauser contributed to this report.

## Mercury Center

INSTRUCTIONS ON PAGE 2A

Full list of industries that must report hires to the state. B530



## THEY'VE GOT YOUR NUMBER

Legislation currently before the Senate would mandate the creation or expansion of three national databanks. Each databank would be indexed by Social Security number. Together, they would track every American.

- **Federal Parent Locator Service:** Would contain a record of every driver's license and professional license issued in individual states.
- **Federal Case Registry of Child Support Orders:** Besides tracking every child support order issued by the states, this database also would contain records of every marriage, every divorce and every paternity determination case in the United States.
- **State Directory of New Hires:** This federal database would be updated every time an American started working for a new employer. It would contain the employee's name, address, job description, and the name of their employer.

of tracking them so that any individual's most recent address and employer can be easily determined at any time. The legislation also would help enforce court-ordered parental visitation rights.

Staff members working on both the House and Senate versions of the legislation said that lawmakers were aware of the privacy issues, and had tried to put "privacy protection" measures into the legislation without compromising the central goal of creating a national location registry.

"We had a long discussion about (privacy issues) — and the (lawmakers) were the main people doing the talking," said a staffer. "There were some members who were real sensitive, and they were absolutely adamant that (the Social Security number) could not be required to be on the license itself."

Nevertheless, the legislation does require states to ask drivers for their Social Security numbers when they are issued driver's licenses or professional licenses, and for those numbers to be reported to the central registry.

## Welfare reform pushed

Checkan said that it is estimated that as much as 8 percent of the government's Aid to Families with Dependent Children payments could be eliminated if child support orders were obtained and enforced. "That's why, in the Clinton proposal, that child support is such a major part of welfare reform," she said.

Currently, many government agencies maintain databases that are indexed by Social Security numbers. Nevertheless, the databases are of limited use for welfare enforcement. Some of the databases are restricted by statute so that their information may not be used for purposes other than that which they were col-

### Time to unify standards

Databases of current address, employment and child support orders. Still other databases can't easily be searched against, because the information is not in a uniform format. One of the intents of the legislation, sponsors say, is to bring order to this computational chaos by mandating standard data representation and indexing strategies. Basing the databanks on Social Security numbers is key to its success, said Bill Walsh, chief of California's Child Support Management Bureau, part of the Department of Social Services.

"I'll tell you, the Social Security number is probably the most important piece of data that there is in trying to locate parents that we can't find in order to establish child support orders, or in cases where we have already established an order, to get payment on those orders," he said.

A national database also could be easier to track down the whereabouts of dads who live outside the state, said Walsh. Although such a database currently doesn't exist, the proposed legislation could greatly expand its reach, by creating a virtual dragnet that could not be escaped.

### Libertarians worry

Walsh said his department is in favor of the creation and expansion of national databanks, because they "allow us to have access to more and better data in order to locate parents who owe

child support."

Nevertheless, a growing number of civil libertarians are questioning the creation of large-scale national databanks, and the expanded use of Social Security numbers, for tracking down deadbeat dads.

"It's a databank that could be used to allow people to track people down for purposes having nothing to do with (child support)," said Haines of the ACLU.

Haines is especially worried that the system could be used to find victims of domestic violence who are attempting to hide from their assailants.

"An unfortunate truth is that in our justice system today, for many victims of domestic violence, their only hope for relief is to escape into some level of anonymity," he said. "Protective orders don't work or aren't enforced."

Although the legislation would prohibit the unauthorized use of the system, Haines characterized such use as "inevitable." As an example, he noted how some abusive men find runaway spouses using surreptitious means, such as privileged data reserved for law enforcement.

### Potential for fraud

Other privacy advocates are concerned that the databanks could be used as the basis for financial fraud.

"I think that there is a real danger using (information) provided for one purpose for another purpose," said Claudia Terraza, an attorney with the Privacy Rights Clearinghouse at the University of San Diego. "I see a real problem with people getting access to your Social Security number and from there, being able to find out your credit report, or for finding out other information that they could use for fraudulent purposes."

Privacy advocates are most upset about the expansion of the Federal Parent Locator Service. As written, the legislation would create a national database of virtually all U.S. citizens — parents or not — with the stated purpose

"What all of that means is that we will have a de facto national ID system in this country, which is going to be this database, and with a de facto national ID card, which will be your Social Security card/driver's license, all without a debate on whether or not Americans deserve to be subjected to a Soviet- or Nazi-style national ID system," Haines said.

This is not the first time that the federal government has proposed creating a national databank. A proposal in the late 1960s called for the creation of a national data center that would "pull together the scattered statistics in government files on citizens and to provide instant, total recall of significant education, health, citizenship, employment records and in some cases personal habits of individuals," reported an article in the Feb. 25, 1968 issue of The New York Times.

### Fears of surveillance

At the time, the proposal was opposed by privacy advocates like Columbia University Professor Alan F. Westin and University of Michigan Law School Professor Arthur R. Miller. Information centers "may become the heart of the surveillance system that will turn society into a transparent world in which our home, our finances, our associates, our mental and physical conditions are bared to the most casual observer," Miller told the Times.

The national data center was never built, and today the controversy has been largely forgotten. Nevertheless, says Marc Rotenberg, director of the Electronic Privacy Information Center, one of the important issues raised at the time was the danger of entrusting a single federal agency with so many different files.

"These proposals invariably reach further than originally intended," said Rotenberg. "If the Social Security number is used today to catch welfare cheats, it can be used tomorrow to identify political dissidents.

"It is of course ironic that such a proposal would go through the Congress at the very same time that the Republican majority is urging greater relaxation of government regulation."